



## A PRESCRIPTION DRUG PLAN FOR A STRONGER MEDICARE

### *Just Do the Math: How the Rx Drug Benefit Adds Up for Seniors*

According to the Congressional Budget Office, a typical senior spends \$1,460 annually on prescription drugs. Here is how the final Medicare plan would lower their out-of-pocket costs after the 25% negotiated discount.<sup>1</sup>

**For a senior currently spending \$1,285 annually, or \$963.75 after the 25% negotiated discount:**

	Out of Pocket
\$35/month	\$420
\$250 deductible	\$250
25% of \$713.75	\$178.44
<b><i>Total out of pocket cost</i></b>	<b><i>\$848.44 vs. \$1,285 = 34% savings</i></b>

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**For a senior currently spending \$1,460 annually, or \$1,095 after discount  
(Note: \$1,460 represents annual expenses for a typical senior):**

	Out of Pocket
\$35/month	\$420
\$250 deductible	\$250
25% of \$845	\$211.25
<b><i>Total out of pocket cost</i></b>	<b><i>\$881.25 vs. \$1,460 = 40% savings</i></b>

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<sup>1</sup> CBO assumed a significant pharmacy cost management factor, which means that beneficiaries with no prior coverage would have lower drug spending through a combination of drug discounts, lower pharmacy fees, and better utilization.

**For a senior spending \$1,891\* annually, or \$1,418.25 after discount:**

\$35/month	Out of pocket \$420
\$250 deductible	\$250
25% of \$1,168.25	\$292.06
<b><i>Total out of pocket cost</i></b>	<b><i>\$962.06 vs. \$1,891 = 49% savings</i></b>

\*Median Rx spending in '06 according to CBO

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**For a senior currently spending \$2,500 annually, or \$1,875 after discount:**

\$35/month	Out of Pocket \$420
\$250 deductible	\$250
25% of \$1,625	\$406.25
<b><i>Total out of pocket cost</i></b>	<b><i>\$1,076.25 vs. \$2,500 = 57% savings</i></b>

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**For a senior currently spending \$5,000 annually, or \$3,750 after discount:**

\$35/ month	Out of Pocket \$420
\$250 deductible	\$250
25% of \$2,000	\$500
\$1,500 out of pocket costs	--
<b><i>Total out of pocket cost</i></b>	<b><i>\$2,670 vs. \$5,000 = 47% savings</i></b>

**For a senior spending \$10,000 annually, or \$7,500 after discount:**

	Out of Pocket
\$35/month	\$420
\$250 deductible	\$250
25% of \$2,000	\$500
\$2,850 out of pocket costs	--
Spending after catastrophic 5% of \$2,400	\$120
<b><i>Total out of pocket cost</i></b>	<hr/> <b><i>\$4,140 vs. \$10,000 = 59% savings</i></b>